



# RIVER VALLEY SCHOOL DISTRICT

## FINANCIAL STATEMENT

June 30, 2008

**RIVER VALLEY SCHOOL DISTRICT**  
**June 30, 2008**

**BOARD OF EDUCATION**

<u>Elected Member</u>	<u>Office</u>	<u>Term Expires</u>
William Farhat	President	June 30, 2010
Steve Graziano	Vice President	June 30, 2008
Vickie Wagner	Secretary	June 30, 2009
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J.C. German	Trustee	June 30, 2011
Fred Knutel	Trustee	June 30, 2008

**SUPERINTENDENT**

Robert Schroeder

**FINANCE COORDINATOR**

Cheryl Capiak

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of River Valley School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of River Valley School District (the "District"), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of River Valley School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of River Valley School District as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 12, 2008, on our consideration of the District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 11 and page 29 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the River Valley School District's basic financial statement. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads 'Schaffer &amp; Layher'.

Schaffer & Layher  
September 12, 2008

David Schaffer, CPA  
Michael Layher, CPA  
Founding Partners:  
Morris McMurray, CPA  
Raymond Marks, CPA  
Jeff Edmunds, CPA

# **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

To the Board of Education of River Valley School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of River Valley School District as of and for the year ended June 30, 2008, which collectively comprise River Valley School District's basic financial statements and have issued our report thereon dated September 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## **Internal Control over Financial Reporting**

In planning and performing our audit, we considered River Valley School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of River Valley School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of River Valley School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described at 2008-1 in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

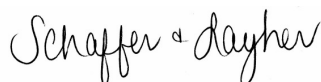
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described at 2008-1 is not a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether River Valley School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

River Valley School District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit River Valley School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Schaffer & Layher  
September 12, 2008

**Schedule of Findings and Responses**

The following finding has been identified as a significant deficiency:

**Finding 2008-1**Financial Reporting Process

Personnel responsible for financial reporting have time and monetary constraints that require assistance in preparing the financial statements and related footnotes. The staff of the School District does understand all information included in the annual financial statements, but obtains assistance in the preparation. Internal controls should be in place to provide reasonable assurance to the School District that management prepare, monitor, and report annual financial activity without auditor intervention. The effect of this condition places a reliance on the independent auditor to be part of the School District's internal controls over financial reporting. The School District should review and implement the necessary education and procedural activities to monitor and report annual financial activity.

Management Response

We are aware of this deficiency, however, given the state of educational funding, it is not cost beneficial for us to develop these processes. We will re-evaluate if additional funding becomes available. We will continue to rely on our independent auditors for such technical assistance.

River Valley School District (the “School District”), a K-12 School District located in Berrien County, Michigan follows the provisions of Governmental Accounting Standards Board Statement 34 (“GASB 34”) with the enclosed financial statements. The Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be discussion and analysis of the financial results for the fiscal year ended June 30, 2008 of the management of River Valley School District (“the School District”).

Generally accepted accounting principles in the United States of America (“GAAP”) and GASB 34 requires the reporting of two types of financial statements: District-Wide Financial Statements and Fund Financial Statements.

### **Fund Financial Statements**

The fund level financial statements are reported on a modified accrual basis. Only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education’s “Accounting Manual.” In the State of Michigan, the District’s major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Permanent Funds and the School Service Funds which are comprised of: Food Service and Athletics.

In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long term obligations are recorded as expenditures. Future year’s debt obligations are not recorded.

### **District-Wide Financial Statements**

The District-wide financial statements are full accrual basis statements. They report all of the District’s assets and liabilities, both short and long term, regardless if they are “currently available” or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets of the District-wide financial statements.

### **The School District as Trustee — Reporting the School District's Fiduciary Responsibilities**

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. These are excluded activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Summary of Net Assets**

The District had \$4,262,379 in net assets as of June 30, 2008, and is summarized in the table below:

	June 30, 2008	June 30, 2007
<b>Assets:</b>		
Cash and cash investments	\$ 2,144,691	\$ 1,624,730
Due from other governmental units	210,626	398,266
Net capital assets	2,429,167	2,564,339
Other assets	1,445	1,199
<b>Total Assets</b>	<u>\$ 4,785,929</u>	<u>\$ 4,588,534</u>
<b>Liabilities:</b>		
Accounts payable and other accrued liabilities	\$ 523,550	\$ 541,696
<b>Total Liabilities</b>	<u>\$ 523,550</u>	<u>\$ 541,696</u>
<b>Net Assets</b>		
Investment in capital assets - net of related debt	\$ 2,429,167	\$ 2,564,339
Restricted for:		
Other	157,476	165,841
Unrestricted	1,675,736	1,316,658
<b>Total Net Assets</b>	<u>\$ 4,262,379</u>	<u>\$ 4,046,838</u>

**Analysis of Financial Position**

During fiscal year ended June 30, 2008, the District's net assets increased by \$215,541. A few of the significant factors affecting net assets during the year are discussed below:

**A. General Fund Operations**

The District's expenditures from General Fund operations exceeded revenues by \$363,946 for the fiscal year ended June 30, 2008. See the section entitled Results of Operations, below, for further discussion of General Fund operations.



**B. Net Investment in Capital Assets**

The District's net investment in capital assets decreased by \$135,172. The net activity for the year is summarized in the following table:

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Capital Assets	\$ 7,633,229	\$ 94,215	\$ (107,913)	\$ 7,619,531
Less: accumulated depreciation	(5,068,890)	(229,387)	107,913	(5,190,364)
Net investment capital outlay	<u>\$ 2,564,339</u>	<u>\$ (135,172)</u>	<u>\$ -</u>	<u>\$ 2,429,167</u>

This year, the School District had \$94,215 of additions for bus and band storage purchases. No major capital projects are planned for the 2008-2009 fiscal year. The School District does not own any infrastructure assets.

**RIVER VALLEY SCHOOL DISTRICT****MANAGEMENT DISCUSSION & ANALYSIS****JUNE 30, 2008****Results of Operations**

The District-wide results of operations for the fiscal years ended June 30 is summarized in the table below:

	June 30, 2008	June 30, 2007
<b>Revenues:</b>		
General Revenues:		
Property taxes levied for general operations	\$ 5,660,123	\$ 5,004,498
State of Michigan unrestricted foundation aid	449,890	1,485,645
Other general revenues	340,135	280,182
Total general revenues	<u>\$ 6,450,148</u>	<u>\$ 6,770,325</u>
Operating Grants:		
Federal	\$ 366,177	\$ 335,004
State of Michigan	499,392	487,935
Total operating grants	<u>\$ 865,569</u>	<u>\$ 822,939</u>
Charges for Services:		
Food service	\$ 133,475	\$ 140,677
Other charges for services	43,859	105,237
Total charges for services	<u>\$ 177,334</u>	<u>\$ 245,914</u>
Total revenues	<u>\$ 7,493,051</u>	<u>\$ 7,839,178</u>
<b>Expenses:</b>		
Instruction	\$ 4,028,745	\$ 4,540,208
Pupil services	313,151	345,693
Support services	2,223,046	2,430,017
Community services	3,833	-
Food service	275,449	282,392
Athletics	203,899	200,116
Interest on long-term debt	-	405
Depreciation(unallocated)	229,387	240,612
Total expenses	<u>\$ 7,277,510</u>	<u>\$ 8,039,443</u>
<b>Change in Net Assets</b>	<u>\$ 215,541</u>	<u>\$ (200,265)</u>
<b>Beginning Net Assets</b>	<u>4,046,838</u>	<u>4,247,103</u>
<b>Ending Net Assets</b>	<u><u>\$ 4,262,379</u></u>	<u><u>\$ 4,046,838</u></u>

**Results of Operations, continued****A. State of Michigan Unrestricted Aid (Net State Foundation Grant)**

The State of Michigan unrestricted aid is determined by the following variables:

- a. State of Michigan State Aid Act per student foundation allowance,
- b. Student Enrollment - Blended at 80 percent of current year fall count and 20 percent of prior year winter count, and
- c. The District's non-homestead levy.

**Per Student Foundation Allowance**

Annually, the State of Michigan sets the per student foundation allowance. The River Valley School District's net foundation allowance was \$7,789 per student for the 2007-2008 fiscal school year. This amount increased over the District's 2006-2007 net foundation allowance of \$7,706 per student.

**Student Enrollment**

The District's student enrollment for the fall count of 2007-2008 was 822.88 students. The District's enrollment decreased significantly from the prior year count by 53 students. The following summarizes fall student enrollments in the past five years:

<u>Fiscal Year</u>	<u>Student FTE</u>	<u>FTE Change from Prior Year</u>
2007 - 2008	822.88	(52.62)
2006 - 2007	875.50	(70.90)
2005 - 2006	946.40	(49.60)
2004 - 2005	996.00	(50.30)
2003 - 2004	1,046.30	(99.02)

Subsequent to year ended June 30, 2008, preliminary student enrollments for 2008-2009 indicate that enrollments may decrease from 2007-2008.

**B. Property Taxes Levied for General Operations (General Fund Non-Homestead Taxes)**

The District levies approximately 18 mills of property taxes for operations (General Fund) on Non-Homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property levy for the 2007-2008 fiscal year was \$5,660,123. The non-homestead tax levy has increased by 13.1 percent over the prior year.

**Results of Operations, continued****B. Property Taxes Levied for General Operations (General Fund Non-Homestead Taxes), Concluded**

The significant increase in the School District's non-homestead levy over the past five years is due to the fact that the make-up of the housing market is such that an increasing number of homes are becoming second homes. This is primarily due to the amount of lakefront property located within the School District.

The following summarizes the District's non-homestead levy over the past five years:

<u>Fiscal Year</u>	<u>Non-Homestead Tax Levy</u>	<u>% Increase from Prior Year</u>
2007 - 2008	5,660,123	13.1%
2006 - 2007	5,004,498	12.4%
2005 - 2006	4,454,377	6.0%
2004 - 2005	4,202,007	6.5%
2003 - 2004	3,945,883	7.2%

**C. Debt Fund Property**

The District had no debt fund levy during the current fiscal year.

**D. Food Sales to Students & Adults (School Lunch Program)**

Compared to the prior school year, the School District's food and milk sales to students and adults decreased \$7,202 to \$133,475, even though both school lunch and milk prices remained the same during the year.

The total revenues from Food Service operations were below total expenditures for the year by \$4,589. This was mostly due to an increase in expenditures and a decrease in students as compared to last year.

**E. General Fund Expenditures Budget vs. Actual Five Year History**

	<u>Expenditures Preliminary Budget</u>	<u>Expenditures Final Budget</u>	<u>Expenditures Final Audit</u>	<u>Variance Audit vs. Prelim Budget</u>	<u>Variance Audit vs. Final Budget</u>
2007 - 2008	6,720,298	7,010,303	6,799,431	1.18%	-3.01%
2006 - 2007	7,943,518	7,965,853	7,653,769	-3.65%	-3.92%
2005 - 2006	8,271,617	7,974,450	7,817,115	-5.49%	-1.97%
2004 - 2005	8,658,071	8,781,135	8,642,399	-0.18%	-1.58%
2003 - 2004	8,856,433	8,824,953	8,762,934	-1.06%	-0.70%
Five Year Average Over(Under) Budget				<u>-1.84%</u>	<u>-2.24%</u>

**Results of Operations, continued**

**F. General Fund Revenues Budget vs. Actual Five Year History**

	Revenues Preliminary Budget	Revenues Final Budget	Revenues Final Audit	Variance: Audit vs. Prelim. Budget	Variance: Audit vs. Final Budget
2007 - 2008	\$ 6,421,898	\$ 7,122,650	\$ 7,163,377	11.55%	0.57%
2006 - 2007	7,095,705	7,358,419	7,504,023	5.75%	1.98%
2005 - 2006	7,731,423	8,424,974	8,534,561	10.39%	1.30%
2004 - 2005	7,915,440	8,374,513	8,416,594	6.33%	0.50%
2003 - 2004	8,856,433	8,601,863	8,527,508	-3.71%	-0.86%
Five Year Average: (Over)Under Budget				6.06%	0.70%

**G. Original vs. Final Budget**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, River Valley School District amends its budget during the school year. For fiscal year June 30, 2008, the budget was amended in December 2007 and June 2008. The June 2008 budget amendment was the final budget for the fiscal year.

• **Revenues**

Change from Original Budget:

General Fund Revenues:

Total Revenues Original Budget	\$ 6,421,898	100.00%
Total Revenues Final Amended Budget	7,122,650	110.91%
	<u>\$ 700,752</u>	<u>10.91%</u>

The District's original budget of general fund revenues differed from the final budget by \$700,752, a variance of 10.91% from final budget. This was due to an increase in expectations of earnings on investments, along with an increase in state funding from what was originally anticipated.

• **Expenditures**

Change from Original Budget:

General Fund Expenditures:

Total Expenditures Original Budget	\$ 6,720,298	100.00%
Total Expenditures Final Amended Budget	7,010,303	104.32%
	<u>\$ (290,005)</u>	<u>-4.32%</u>

**Results of Operations, concluded**

**G. Original vs. Final Budget, concluded**

The final expenditures budget was increased slightly due to minor changes in expectations from what was originally budgeted.

**Contacting the District's Financial Management**

The financial report is designed to provide our citizens and taxpayers with a general overview of the School District's finances. If you have questions about this report or need additional information, please contact the Business Office at River Valley School District.

**RIVER VALLEY SCHOOL DISTRICT****STATEMENT OF NET ASSETS  
JUNE 30, 2008**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
<b>Current assets:</b>	
Cash and investments	\$ 2,144,691
Due from other governmental units	210,626
Inventories	1,445
Total current assets	<u>\$ 2,356,762</u>
<b>Noncurrent assets:</b>	
Capital assets	\$ 7,619,531
Less: accumulated depreciation	(5,190,364)
Total noncurrent assets	<u>\$ 2,429,167</u>
<b>Total Assets</b>	<u><u>\$ 4,785,929</u></u>
 <b>Liabilities</b>	
<b>Current liabilities:</b>	
Accounts payable	\$ 126,999
Accrued payroll and other liabilities	396,551
Total current liabilities	<u>\$ 523,550</u>
<b>Commitments and Contingencies</b>	
<b>Net Assets</b>	
Investment in capital assets - net of related debt	\$ 2,429,167
Restricted for:	
Other	157,476
Unrestricted	1,675,736
<b>Total Net Assets</b>	<u>\$ 4,262,379</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 4,785,929</u></u>

*See accompanying notes to financial statements.*

**RIVER VALLEY SCHOOL DISTRICT**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants/ Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Assets</b>
Primary government -				
Governmental activities:				
Instruction	\$ 4,028,745	\$ 7,260	\$ 728,635	\$ (3,292,850)
Pupil services	313,151	-	-	(313,151)
Support services	2,223,046	-	-	(2,223,046)
Community services	3,833	-	-	(3,833)
Food services	275,449	133,475	136,934	(5,040)
Athletics	203,899	36,599	-	(167,300)
Depreciation (unallocated)	229,387	-	-	(229,387)
	<u>\$ 7,277,510</u>	<u>\$ 177,334</u>	<u>\$ 865,569</u>	<u>\$ (6,234,607)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				\$ 5,660,123
State aid not restricted to specific purposes				449,890
Interest and investment earnings				144,041
Other				<u>196,094</u>
Total general revenues				<u>\$ 6,450,148</u>
<b>Change in Net Assets</b>				<u>\$ 215,541</u>
<b>Net Assets - beginning of year</b>				<u>4,046,838</u>
<b>Net Assets - end of year</b>				<u><u>\$ 4,262,379</u></u>

*See accompanying notes to financial statements.*



**RIVER VALLEY SCHOOL DISTRICT****BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<b>General</b>	<b>Non Major Governmental Funds</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,508,347	\$ 172,250	\$ 1,680,597
Investments	464,094	-	464,094
Due from other governmental units	210,626	-	210,626
Due from other governmental funds	-	2,238	2,238
Inventories	-	1,445	1,445
<b>Total Assets</b>	<b>\$ 2,183,067</b>	<b>\$ 175,933</b>	<b>\$ 2,359,000</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 124,449	\$ 2,550	\$ 126,999
Accrued salaries and withholdings	396,258	293	396,551
Due to other governmental funds	2,238	-	2,238
<b>Total Liabilities</b>	<b>\$ 522,945</b>	<b>\$ 2,843</b>	<b>\$ 525,788</b>
<b>Fund Balances</b>			
Reserved for inventories	\$ -	\$ 1,445	\$ 1,445
Reserved for other purposes	-	156,031	156,031
Unreserved and undesignated	1,660,122	-	1,660,122
Unreserved and undesignated - food service	-	15,614	15,614
<b>Total Fund Balances</b>	<b>\$ 1,660,122</b>	<b>\$ 173,090</b>	<b>\$ 1,833,212</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,183,067</b>	<b>\$ 175,933</b>	<b>\$ 2,359,000</b>

*See accompanying notes to financial statements.*

**RIVER VALLEY SCHOOL DISTRICT****RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS  
JUNE 30, 2008**

Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not financial  
resources and are not reported in the funds.

Cost of the capital assets	7,619,531
Accumulated depreciation	<u>(5,190,364)</u>

<b>Total Net Assets - Governmental Activities</b>	<b><u>\$ 4,262,379</u></b>
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*See accompanying notes to financial statements.*

**RIVER VALLEY SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>			
Property taxes	\$ 5,660,123	\$ -	\$ 5,660,123
Local sources	73,488	174,113	247,601
State sources	938,973	10,309	949,282
Federal sources	239,552	126,625	366,177
Interdistrict sources	125,827	-	125,827
Earnings on investments	125,414	18,627	144,041
<b>Total Revenues</b>	<u>\$ 7,163,377</u>	<u>\$ 329,674</u>	<u>\$ 7,493,051</u>
<b>Expenditures</b>			
Current:			
Instruction	\$ 4,028,745	\$ -	\$ 4,028,745
Pupil services	313,151	-	313,151
Supporting services	2,192,642	509,752	2,702,394
Community services	3,833	-	3,833
Capital outlay	94,215	-	94,215
<b>Total Expenditures</b>	<u>\$ 6,632,586</u>	<u>\$ 509,752</u>	<u>\$ 7,142,338</u>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<u>\$ 530,791</u>	<u>\$ (180,078)</u>	<u>\$ 350,713</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	\$ -	\$ 166,845	\$ 166,845
Operating transfers out	(166,845)	-	(166,845)
<b>Total Other Financing Sources(Uses)</b>	<u>\$ (166,845)</u>	<u>\$ 166,845</u>	<u>\$ -</u>
<b>Net Change in Fund Balances</b>	\$ 363,946	\$ (13,233)	\$ 350,713
<b>Fund Balances - Beginning of year</b>	1,296,176	186,323	1,482,499
<b>Fund Balances - End of year</b>	<u>\$ 1,660,122</u>	<u>\$ 173,090</u>	<u>\$ 1,833,212</u>

*See accompanying notes to financial statements.*

**RIVER VALLEY SCHOOL DISTRICT**

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**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008**

**Net Change in Fund Balances - Total Governmental Funds** \$ 350,713

Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures;  
in the statement of activities, these costs are allocated  
over their estimated useful lives as depreciation.

Depreciation expense	(229,387)
Capital outlay	94,215
Total	<u>\$ (135,172)</u>

**Change in Net Assets of Governmental Activities** \$ 215,541

*See accompanying notes to financial statements.*

**RIVER VALLEY SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2008**

	<u>Agency Fund- Student Activities</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 137,212
	<u>\$ 137,212</u>
<b>Liabilities:</b>	
Due to student groups	<u>\$ 137,212</u>

*See accompanying notes to financial statements.*

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the River Valley School District (the “School District”) conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units and with the rules prescribed in the accounting manual by the Michigan Department of Education. The following is a summary of the significant accounting policies used by the School District:

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (“GASB”) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School Districts’ reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the School District contains no component units.

**District-Wide and Fund Financial Statements**

The District-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District’s government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**District-Wide Statements** — The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**District-Wide Statements (concluded)** — Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

**Fund Based Statements** — Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government. The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental fund:

**The General Fund** is the school district's primary operating fund. It accounts for all financial resources of the district, except those required to be accounted for in another fund

Additionally, the government reports the following fund types:

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The District has the following special revenue fund:

**The School Service Funds** are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The School District maintains full control of these funds. The School Service Funds maintained by the School District are the Athletic Fund and Food Service Fund.

**Permanent Funds** are used to account for the District's non-expendable scholarship where only the earnings are used to issue scholarships.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Fund Based Statements (Concluded)**

**Fiduciary Funds** are used to account for assets held by the School District in a trustee capacity or as an agent. Fiduciary Fund net assets and results of operations are not included in the government-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Student Activity Fund** — The School District presently maintains a Student Activities Fund to record the transactions of student and parent groups for school and school-related purposes. The funds are segregated and held in trust for the students and parents.

**Assets, Liabilities, and Net Assets or Equity**

**Deposits and Investments** — Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** — In general, outstanding balances between funds are reported as “due to/from other funds.” Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds.”

**Property Taxes** - Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. For River Valley School District taxpayers, properties are assessed as of December 31 and the related property taxes are levied and become a lien on July 1. The final collection date is February 28, after which uncollected taxes are added to the Berrien County delinquent tax rolls.

**State Aid** - The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the state’s School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The School District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year is recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories** — Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund are recorded as inventory and deferred revenue until used.

**Prepaid Items** — Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements

**Capital Assets** — Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized. The school district does not have infrastructure type assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years
Land Improvements	10-20 years

**Compensated Absences** — The liability for compensated absences, if any, reported in the government-wide statements consists of unpaid, accumulated annual and vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. There was no liability for compensated absences at June 30, 2008.

**Long-Term Obligations** — In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures. There were no long-term obligations at June 30, 2008.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

**Fund Equity** — In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. There were no board designated funds for the year.

**Comparative Data** — Comparative data is not included in the School District's financial statements.

**Accounting** — The School District follows the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("GASB 34"), and accordingly, the School District's financial statements present the following:

A Management's Discussion and Analysis ("MD&A") section providing analysis of the School District's overall financial position and results of operations has been included. District-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using full accrual accounting for all of the School District's activities have been provided.

**Estimates** — The process of preparing financial statements in conformity with accounting principals generally accepted in the United States of America requires the use of management estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and major special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year. There were two amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The School District did not have expenditures that exceeded appropriations in the budgeted functions for the major funds.

**NOTE 3. DEPOSITS AND INVESTMENTS**

As of June 30, 2008, the School District deposits and investments include the following:

	Balance Sheet Classification		
	Cash and Cash		
	Equivalents	Investments	Total
Cash on hand	\$ -	\$ -	\$ -
Deposits	1,680,597	-	1,680,597
Investments	-	464,094	464,094
	<u>\$ 1,680,597</u>	<u>\$ 464,094</u>	<u>\$ 2,144,691</u>

**Bank Deposits:**

All cash of the School District is on deposit with financial institutions which provide FDIC insurance coverage or in highly liquid pooled money funds.

**Custodial Credit Risk—Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2008 \$1,517,094 of the School District's bank balance of \$1,929,208 was exposed to custodial credit risk, because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

**NOTE 3. DEPOSITS AND INVESTMENTS (CONCLUDED)**

**Investments:**

Michigan law permits investments in: 1) Bonds and other obligations of the United States Governments, 2) Certificates of deposit and savings accounts of banks or credit unions who are members of the FDIC and FSLIC, respectively, 3) Certain commercial paper, 4) United States Government repurchase agreements, 5) Banker's acceptance of the United States Bank, and 6) Certain mutual funds. The School District has put further restrictions on those investments through its current policy, and the following investment is permitted by law and policy.

Investment Type	Fair Value	Current	Investment Maturities		
			1-5 years	6-10 years	More than 10
Investment Pools	\$ 464,094	\$ 464,094	\$ -	\$ -	\$ -

**Interest Rate Risk:** In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

**Credit Risk:** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by Nationally Recognized Statistical Rating Organizations ("NRSRO's"). As of June 30, 2008, the School District's investment in the investment pool was rated AAAM by Standard's & Poor.

**Concentration of Credit Risk:** The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All of the School District's investments are in investment pools which represent 100% of the School District's total investments.

**Custodial Credit Risk—Investments:** For an Investment, this is the risk that in the event of bank failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investments in the investment pool of \$464,094, the School District has a custodial credit risk exposure of \$464,094, because the related securities are uninsured, unregistered, and held by the School District's brokerage firm which is also the counterparty for these particular securities.

**RIVER VALLEY SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008****NOTE 4. CAPITAL ASSETS**

Capital asset activity of the School District's governmental activities was as follows:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance at June 30, 2008</u>
Assets not being depreciated:				
Land	\$ 38,766	\$ -	\$ -	\$ 38,766
Capital assets being depreciated:				
Building and building improvements	\$ 5,445,025	\$ -	\$ -	\$ 5,445,025
Land improvements	577,189	-	-	577,189
Buses and other vehicles	756,454	76,116	(107,913)	724,657
Furniture and vehicles	815,795	18,099	-	833,894
Subtotal	<u>\$ 7,594,463</u>	<u>\$ 94,215</u>	<u>\$ (107,913)</u>	<u>\$ 7,580,765</u>
Accumulated depreciation:				
Building and building improvements	\$ 3,579,092	\$ 111,387	\$ -	\$ 3,690,479
Land improvements	384,145	16,410	-	400,555
Buses and other vehicles	632,292	45,190	(107,913)	569,569
Furniture and vehicles	473,361	56,400	-	529,761
Subtotal	<u>\$ 5,068,890</u>	<u>\$ 229,387</u>	<u>\$ (107,913)</u>	<u>\$ 5,190,364</u>
Net capital assets being depreciated	<u>\$ 2,525,573</u>			<u>\$ 2,390,401</u>
Net capital assets	<u>\$ 2,564,339</u>			<u>\$ 2,429,167</u>

Depreciation expense of \$229,387 was not charged to activities as the School District considers its assets to impact multiple activities and allocation is not practical.

**Note 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances is as follows:

<b>Due To/From Other Funds:</b>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Food Service	<u>\$ 2,238</u>
<b>Interfund Transfers:</b>		
<u>Transfer In:</u>	<u>Transfer Out:</u>	<u>Amount</u>
School Service	General Fund	<u>\$ 166,845</u>

The current year transfers were from the general fund to the athletic fund to subsidize athletic activities.

**NOTE 6. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The School District has purchased commercial insurance for health claims and participates in the SET/SEG (risk pool) for claims relating to workers' compensation and property/casualty claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**NOTE 7. DEFINED BENEFIT PENSION PLAN AND POST RETIREMENT BENEFITS**

**Plan Description** - The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the District. The system provides retirement, survivor and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

**Funding Policy** - Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit rate totals were 17.74 percent for the period July 1, 2007 through September 30, 2007 and 16.72 percent for the period October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The District's contributions to the MPERS plan for the years ended June 30, 2008, 2007, and 2006 were \$619,257, \$731,178, and \$705,043, respectively.

**Post Employment Benefits** - Under the MPERS Act, all retirees participating in the MPERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees having these coverage's contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage's. Required contributions for post employment health care benefits are included as part of the District's total contribution to the MPERS plan discussed above.

**NOTE 8. RECEIVABLES AND PAYABLES**

Receivables as of year-end for the School District's individual major funds, and the non-major funds and fiduciary funds in the aggregate, including any allowance for uncollectible amounts are as follows:

	General Fund	Nonmajor and Other Funds	Total
Receivables:			
Intergovernmental	\$ 210,626	\$ 2,238	\$ 212,864
Trade	-	-	-
	<u>\$ 210,626</u>	<u>\$ 2,238</u>	<u>\$ 212,864</u>

Payables as of year-end for the School District's individual major funds, and the non-major and fiduciary funds in the aggregate, are as follows:

	General Fund	Nonmajor and Other Funds	Total
Payables:			
Trade	\$ 124,449	\$ 2,550	\$ 126,999
	<u>\$ 124,449</u>	<u>\$ 2,550</u>	<u>\$ 126,999</u>

**REQUIRED SUPPLEMENTAL  
INFORMATION**



# RIVER VALLEY SCHOOL DISTRICT

## REQUIRED SUPPLEMENTARY SCHEDULE BUDGETARY COMPARISON SCHEDULE — GENERAL FUND JUNE 30, 2008

	Original Budget	Final Amended Budget	Actual
<b>Revenues</b>			
Property taxes	\$ 5,592,965	\$ 5,512,965	\$ 5,660,123
Local sources	7,700	53,454	73,488
State sources	506,713	1,069,059	938,973
Federal sources	164,318	246,625	239,552
Interdistrict sources	120,202	124,547	125,827
Earnings on investments	30,000	116,000	125,414
<b>Total Revenues</b>	<b>\$ 6,421,898</b>	<b>\$ 7,122,650</b>	<b>\$ 7,163,377</b>
<b>Expenditures - Current</b>			
Instruction:			
Elementary	\$ 1,370,903	\$ 1,475,114	\$ 1,439,371
Middle School	712,051	760,204	758,443
High School	947,011	1,031,359	997,685
Preschool	79,245	62,152	54,043
Special Education	509,745	511,914	510,762
Compensatory Education	157,025	180,227	174,602
Technical Education	100,432	102,034	93,839
Pupil Services	314,647	316,894	313,151
Supporting services:			
Improvement of instruction	15,547	19,664	18,953
Media services/audiovisual	22,327	69,326	67,624
Board of education	67,000	59,690	44,373
Executive	203,863	215,359	192,759
Principal	510,054	464,130	455,994
Business	159,511	169,319	168,488
Operations	823,717	751,544	725,944
Pupil transportation	472,990	462,681	444,180
Information management services	68,300	71,323	66,190
Other pupil activity	9,493	8,393	8,137
Community services	-	4,536	3,833
Capital outlay	-	95,107	94,215
<b>Total Expenditures</b>	<b>\$ 6,543,861</b>	<b>\$ 6,830,970</b>	<b>\$ 6,632,586</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>\$ (121,963)</b>	<b>\$ 291,680</b>	<b>\$ 530,791</b>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	(176,437)	(179,333)	(166,845)
<b>Total other financing sources (uses)</b>	<b>\$ (176,437)</b>	<b>\$ (179,333)</b>	<b>\$ (166,845)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (298,400)</b>	<b>\$ 112,347</b>	<b>\$ 363,946</b>
<b>Fund Balances - Beginning of year</b>	<b>1,296,176</b>	<b>1,296,176</b>	<b>1,296,176</b>
<b>Fund Balances - End of year</b>	<b>\$ 997,776</b>	<b>\$ 1,408,523</b>	<b>\$ 1,660,122</b>

**OTHER SUPPLEMENTAL  
INFORMATION**

**RIVER VALLEY SCHOOL DISTRICT****COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS****JUNE 30, 2008**

	<u>Special Revenue Funds</u>			<u>Permanent Fund</u>	
	<u>Athletics Fund</u>	<u>Food Service Fund</u>	<u>Total</u>	<u>Scholarship Funds</u>	<u>Total Non Major Governmental Funds</u>
<b>Assets</b>					
Cash and investments	\$ -	\$ 16,219	\$ 16,219	\$ 156,031	\$ 172,250
Due from other governmental units	-	-	-	-	-
Due from other governmental funds	-	2,238	2,238	-	2,238
Inventories	-	1,445	1,445	-	1,445
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 19,902</u>	<u>\$ 19,902</u>	<u>\$ 156,031</u>	<u>\$ 175,933</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 2,550	\$ 2,550	\$ -	\$ 2,550
Accrued salaries and withholdings	-	293	293	-	293
Due to other governmental funds	-	-	-	-	-
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 2,843</u>	<u>\$ 2,843</u>	<u>\$ -</u>	<u>\$ 2,843</u>
<b>Fund Balances</b>					
Reserved for inventories	\$ -	\$ 1,445	\$ 1,445	\$ -	\$ 1,445
Reserved for other purposes	-	-	-	156,031	156,031
Unreserved and undesignated - food service	-	15,614	15,614	-	15,614
Unreserved and undesignated - athletics	-	-	-	-	-
<b>Total Fund Balances</b>	<u>\$ -</u>	<u>\$ 17,059</u>	<u>\$ 17,059</u>	<u>\$ 156,031</u>	<u>\$ 173,090</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>\$ 19,902</u>	<u>\$ 19,902</u>	<u>\$ 156,031</u>	<u>\$ 175,933</u>

**RIVER VALLEY SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2008

	<u>Special Revenue Funds</u>			<u>Permanent Fund</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Athletics Fund</u>	<u>Food Service Fund</u>	<u>Total</u>	<u>Scholarship Funds</u>	
<b>Revenues</b>					
Local sources	\$ 36,599	\$ 133,475	\$ 170,074	\$ 4,039	\$ 174,113
State sources	-	10,309	10,309	-	10,309
Federal sources	-	126,625	126,625	-	126,625
Interdistrict sources	-	-	-	-	-
Earnings on investments	422	451	873	17,754	18,627
<b>Total Revenues</b>	<u>\$ 37,021</u>	<u>\$ 270,860</u>	<u>\$ 307,881</u>	<u>\$ 21,793</u>	<u>\$ 329,674</u>
<b>Expenditures</b>					
Current:					
Instruction and instructional support services	\$ -	\$ -	\$ -	\$ -	\$ -
Supporting services	203,899	275,449	479,348	30,404	509,752
Capital outlay	-	-	-	-	-
Intergovernmental payments	-	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 203,899</u>	<u>\$ 275,449</u>	<u>\$ 479,348</u>	<u>\$ 30,404</u>	<u>\$ 509,752</u>
<b>Excess (Deficiency) of Revenues over(under) Expenditures</b>	<u>\$ (166,878)</u>	<u>\$ (4,589)</u>	<u>\$ (171,467)</u>	<u>\$ (8,611)</u>	<u>\$ (180,078)</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	\$ 166,845	\$ -	\$ 166,845	\$ -	\$ 166,845
Operating transfers out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 166,845</u>	<u>\$ -</u>	<u>\$ 166,845</u>	<u>\$ -</u>	<u>\$ 166,845</u>
<b>Net Change in Fund Balances</b>	<u>\$ (33)</u>	<u>\$ (4,589)</u>	<u>\$ (4,622)</u>	<u>\$ (8,611)</u>	<u>\$ (13,233)</u>
<b>Fund Balances - Beginning of year</b>	33	21,648	21,681	164,642	186,323
<b>Fund Balances - End of year</b>	<u>\$ -</u>	<u>\$ 17,059</u>	<u>\$ 17,059</u>	<u>\$ 156,031</u>	<u>\$ 173,090</u>